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APR 22 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

April 22, 1998

BY HAND DELIVERY

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, DC 20554

DOCKET FILE COPY ORIGINAL

Re: Ex Parte Presentation in CC Docket No. 96-45

Dear Secretary Salas:

Transmitted herewith on behalf of Century Telephone and pursuant to Section 1.1206(a) of the Commission's Rules, 47 C.F.R. § 1.1206(a) (1997), this is to provide an original and one copy of a notice of *ex parte* presentations made yesterday morning in the above-referenced rulemaking proceeding. Kristine DeBry and myself attended on behalf of Century, as did John Jones, Century's director of government affairs. These participants met with Commissioner Harold Furchtgott-Roth and his Senior Legal Advisor Paul Misener, and James Casserly, Senior Legal Advisor to Commissioner Ness.

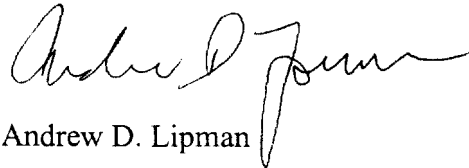
The purpose of the meeting was to introduce Century Telephone to the Commission, and to emphasize the need for a continuing commitment to rural telephony. Attached is a handout describing the issues presented.

Should any further information be required with respect to this *ex parte* notice, please

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contact the undersigned. I would appreciate it if you would please date-stamp the enclosed extra copy of this filing and return it with the messenger to acknowledge receipt by the Commission.

Very truly yours,

A handwritten signature in black ink, appearing to read "Andrew D. Lipman", with a stylized, flowing script.

Andrew D. Lipman

Enclosure

cc: Commissioner Harold Furchtgott-Roth
Paul Misener
James Casserly
John Jones
Kristine DeBry
International Transcription Services, Inc.

CENTURY TELEPHONE POSITION SUMMARY

APRIL 1998

Century (NYSE: CTL) provides a full range of communications services including local, wireless, long distance data services, security monitoring and local internet access to customers in 21 states including Alaska. The company is headquartered in Monroe, Louisiana and employs approximately 5,000 people through its various operations.

Century's core business is rural telephony and serves more than 1.2 million access lines. Most of Century's service areas are extremely rural in nature and are characterized by relatively low customer densities and difficult geographic surroundings. More than half of our six hundred exchanges serve less than 1,000 access lines. Rural America is Century's market niche. The Company has made substantial financial investments in infrastructure and in the communities it serves. It is recognized as a national leader in providing small urban and rural telecommunications services.

All of Century's operating companies are "rural telephone companies" as defined by the Telecommunications Act. Century has a long-standing association with rural telephony and understands the needs of rural customers and the importance of enhancing universal service to small town and rural America.

Century encourages the Commission to proceed cautiously and to be cognizant of the delicate balance that now exists between the present mechanisms—a balance that ensures affordability, predictability and sufficiency of universal service funding. The manner in which the Commission implements the new universal service program is of critical importance to our business and our customers. The following issues may affect the ability of small and mid-sized companies to maintain universally available and affordable services to their customers and should be considered carefully by the Commission.

- ◆ **A hypothetical, forward-looking cost proxy model for rural areas is problematic. Any proposed changes should take into consideration the investment rural providers have made in their markets. The actual costs that reflect this investment are legitimate and should be utilized in any universal service program to ensure the fund is sufficient and future infrastructure development occurs. (In the past five years Century has invested more than \$100 million in rural Arkansas—just one of 21 states served.)**
- ◆ **The Commission's proposal that customers in high cost states pay 75 percent of the universal service support needed threatens three key principles of the Act: 1) affordability; 2) sufficiency and 3) predictability. Congress, in Sect. 254(f) of the Act, intended for state funding for universal service to augment the federal fund—not the other way around.**
- ◆ **High cost support should be based on traditional jurisdictional separations. Elimination of separations would threaten both universal service and future investments.**
- ◆ **Universal service is a national program that benefits all users and makes the country's telecommunications system the best in the world. While *fairness* for low cost states is desirable, *affordability* for residents of high cost states is essential to keep the network whole, viable and affordable for all Americans.**
- ◆ **Century supports the Rural Task Force and looks forward to it starting its work. Because of the complicated and critical issues involved and the need "to get it right," the Commission should provide ample review and comment time before future universal service orders are issued that affect rural providers.**

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